September 29, 2023

Annual Stewardship Meeting

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Welcome to the annual California State University (CSU) Stewardship Report presentation. It is with great pleasure that we celebrate the 20th year of our partnership. It has been an honor to support the mission of the CSU for these many years, and we look forward to our continued collaboration. The following presentation will demonstrate one of the pillars of our shared success – consistency. The numbers continue to move in the right direction, with allowances for variances brought on by increased reporting. The State has essentially returned to "business as usual" with the COVID-19 state of emergency and most public health mandates expiring in February 2023. The CSU is also experiencing something like normal activity on the workers' compensation program, with frequency up by 60% over the low point of 2021. Despite the significant uptick in new reports and excluding FY2021 and FY2022, pending open inventory remains at its historically lowest point.

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Introductions

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Zachary Gifford – Sr. Director Systemwide Risk Management

Alliant

Daniel Howell – Managing Director

Amy Lightner – Vice President

Mimi Long – Vice President

HUDSON CLAIMS CONSULTING

Eddy Canavan - Chief Claims Advisor

Deanna Jacona - Sr. Claims Analyst & Administrator

Cindy Parker
Managing Director, Casualty Operations

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The World of Sedgwick

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People first

Advocacy approach
that prioritizes the
human experience

Tech forward

Innovative technology that
improves the claim journey
and streamlines processes

Data driven

Using data to identify
trends, empower decisions
and drive results

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People first | talent strategy

- Proactive hiring
- Competitive salary and benefits
- Flexible workplace options
- Work-life balance
- Dynamic, virtual onboarding
- Education and growth

Embracing a values-driven, inclusive culture

Recognized as a Top 100 Most Loved Workplace® by Newsweek

Recognized as a Great Place to Work™

Recognized as one of Forbes' Best Employers for Veterans

10,000+ engaging, on-demand courses to fulfill development needs with courses specific to role, division and business unit

Data driven| enhanced data visualization

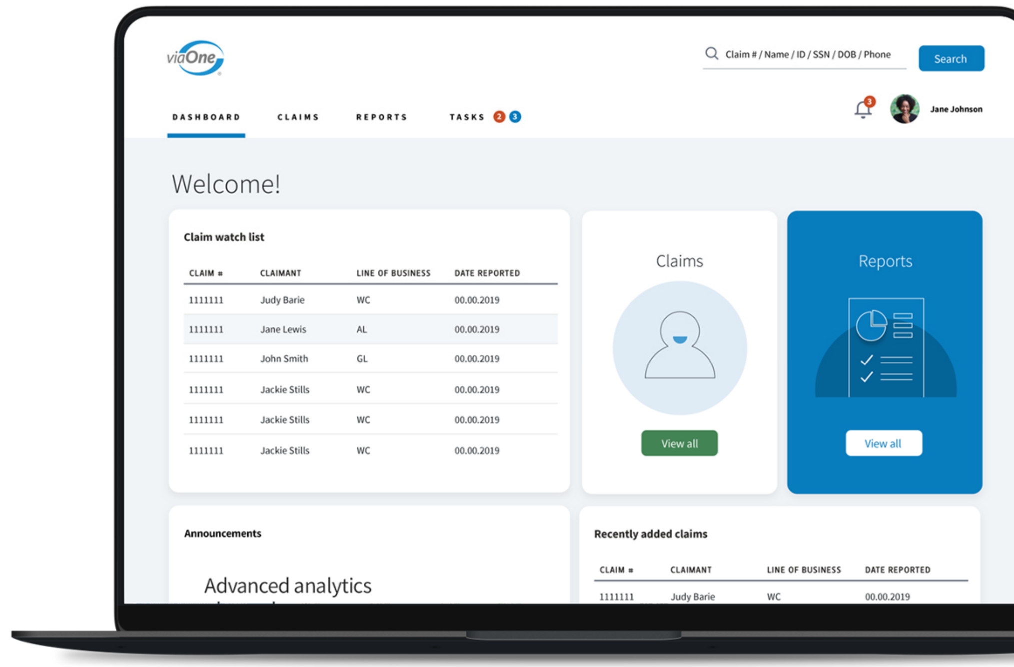
Key metrics at first glance and faster insights

More control for end users

Interactive data discovery visualization

Tailored dashboard preferences

Click to view demo



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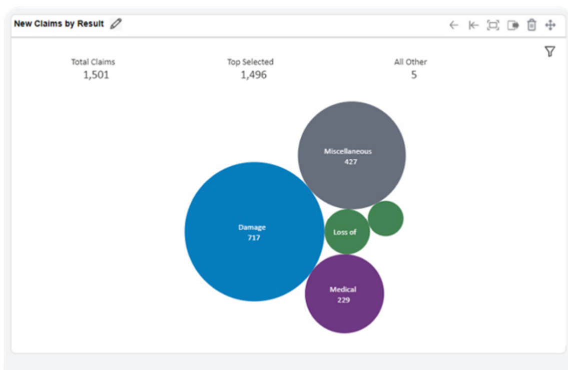
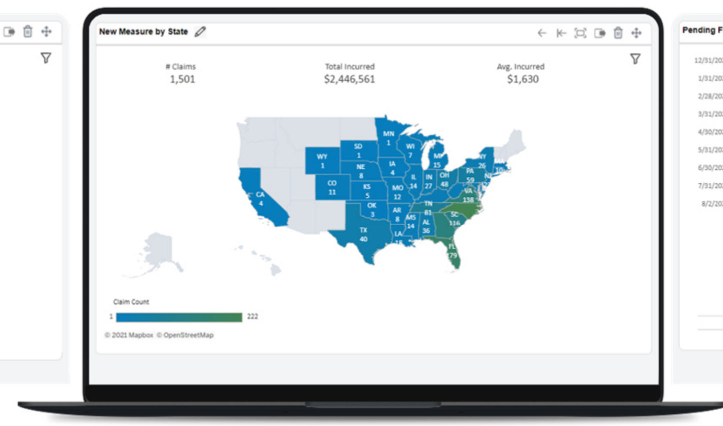
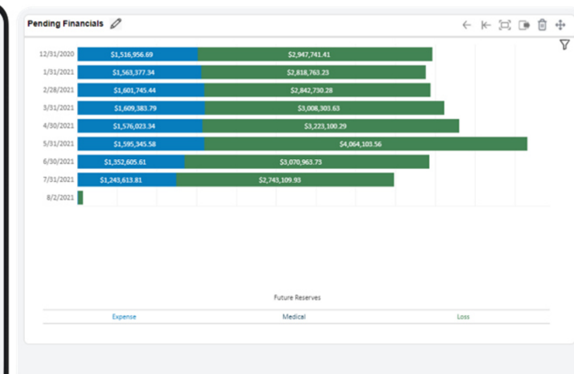
Data driven| enhanced data visualization



Visualize performance trends and outcomes



Actionable data analysis



Ability to drill down into key metrics

Program Performance Summary

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Highlights/Events of FY2023

- Score of 92% on Alliant bi-annual audit
- Indemnity Closing ratio at 95%
- New Claims up by 6% for FY2023 over FY2022
- Pending Indemnity Claims up by 3% FY2023 over FY2022
- Aged Pending (> 2 years old) down by 4% FY2023 over FY2022
- Resolutions remain a consistent focus, with Compromise and Release (C&R) settlements continuing to outpace all other settlements for the period, at 64% of the total settlements
- Double Play claim staffing accounted for 7% of all settlements and an accompanying $652K in reserve salvage
- Zero turnover

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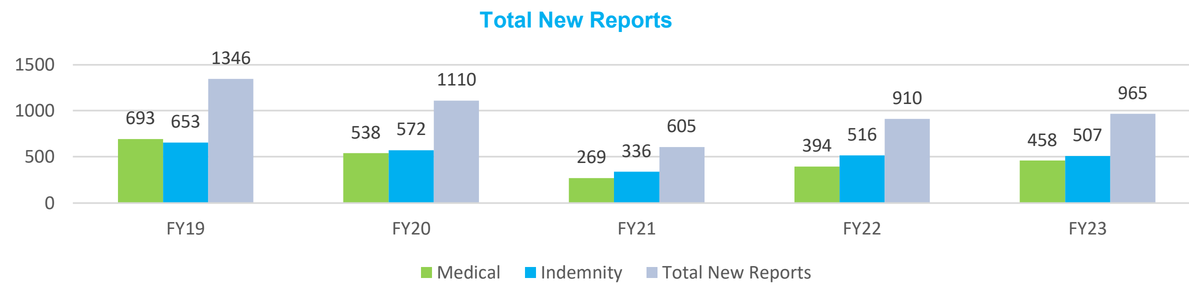
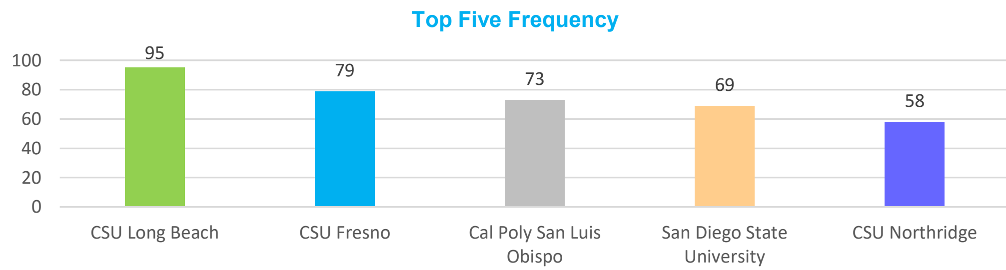
Program Statistical Analysis - NEW

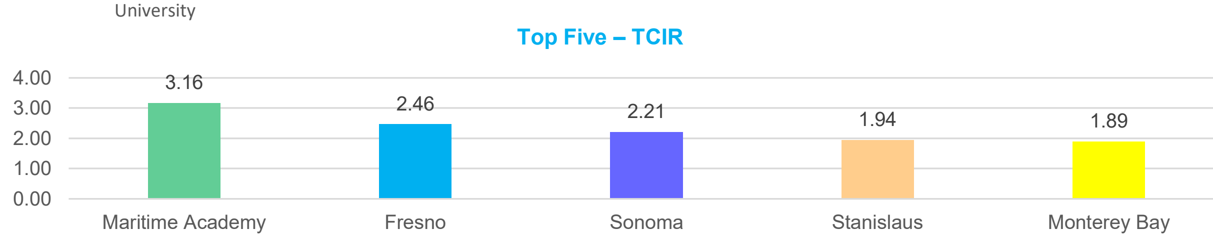
New claim volume for FY2023 is up modestly over last year. New claims for the first quarter of FY2024 are on track to match those of FY2020





The Top Five Campus locations for frequency reported 38% of the new claims for FY2023

With the exception of Fresno State, the Top 5 by Total Case Incident Rate (TCIR) does not overlap pure frequency



Program Statistical Analysis - NEW

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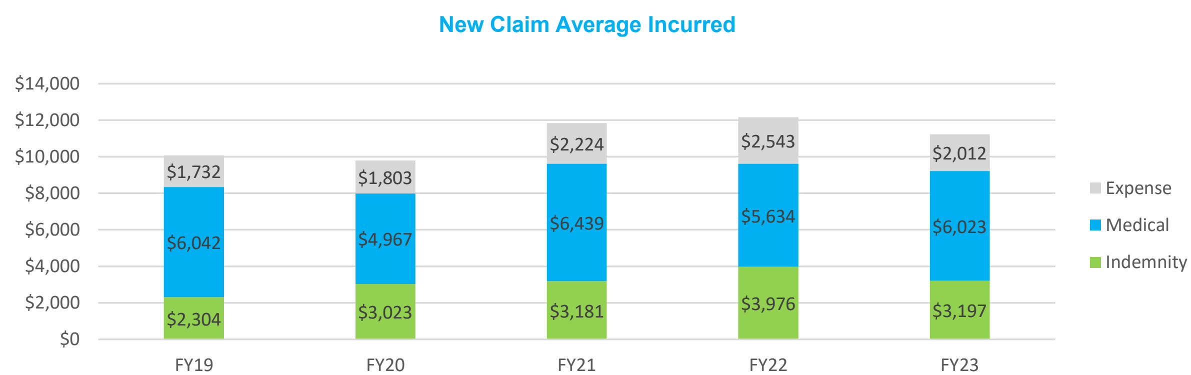
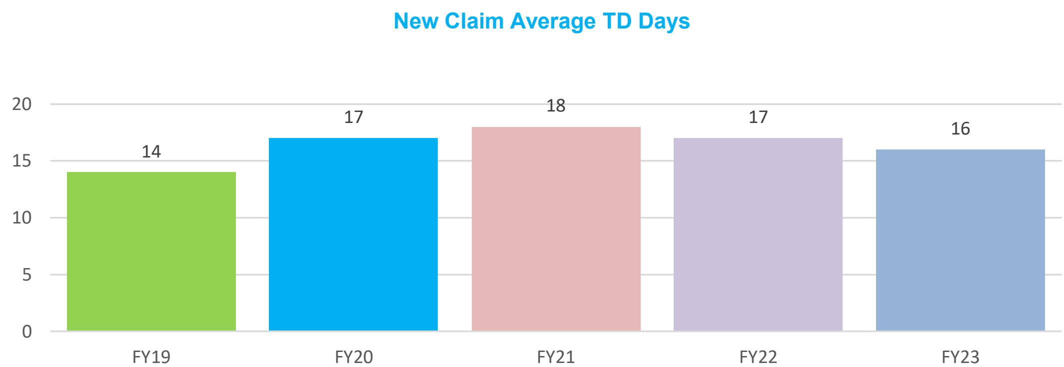
New claim average incurred has increased slowly over the lookback period but is now showing a reduction. This tracks roughly with the average TD days





Average TD days increased over the pandemic as the result of decreased frequency/increased severity, quarantine lost time (no mod possible) as well as a lack of mod duty for onsite employees during the pandemic – custodians. With the return to normal operations, the average TD days are decreasing

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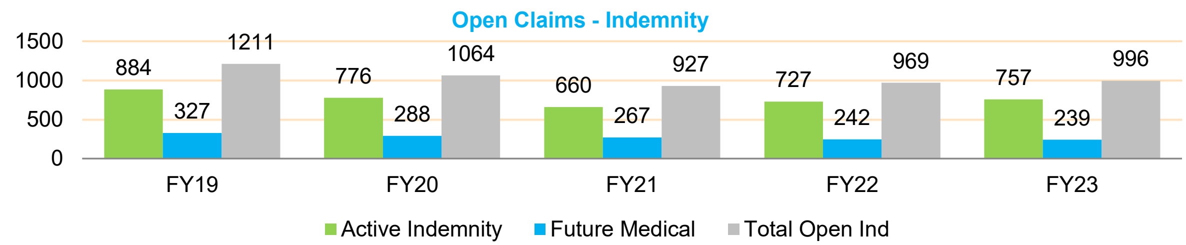
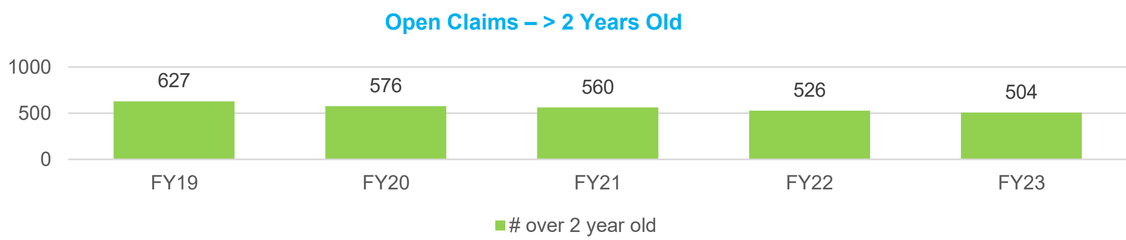
Program Statistical Analysis - PENDING

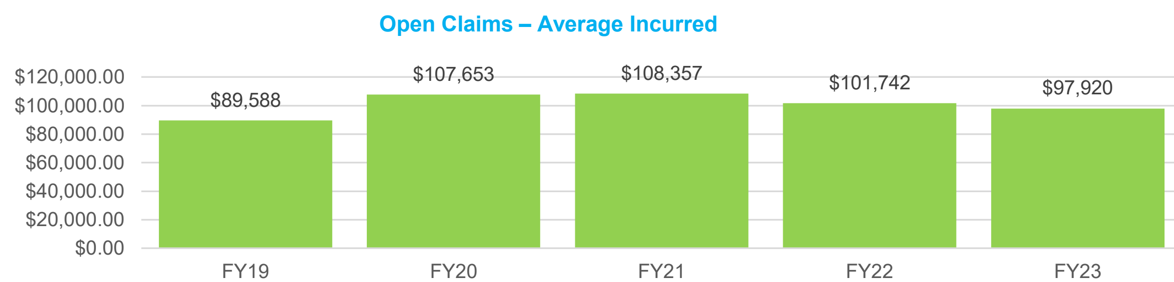
While slowly increasing due to increased frequency, the open indemnity count has remained close to pandemic lows despite a 60% increase in new reports over FY2021





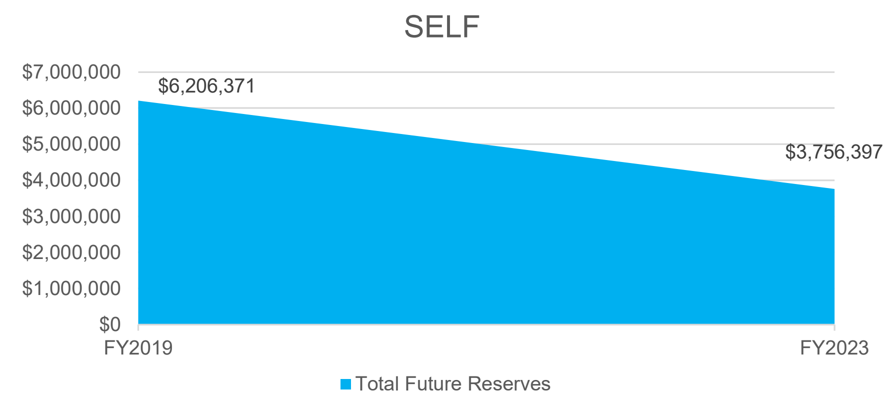
We continue to focus on reduction in aged pending with a 4% reduction over FY202

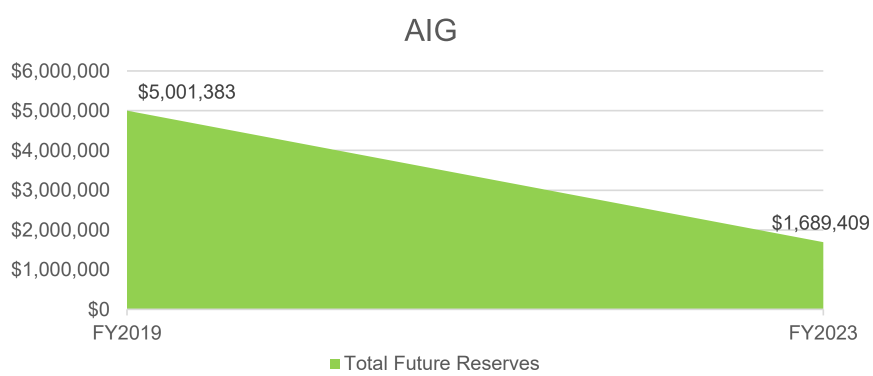
The % change in average incurred on the open inventory tracks with the increased frequency of the last couple of years.



Excess/First Dollar Program Analysis - PENDING

The population of SELF (Schools Excess Liability Fund) coverage files has decreased by 51% between FY2019 and FY2023, with a decrease in outstanding reserves of 44%





The population of AIG “first dollar” coverage files has decreased by 65% between FY2019 and FY2023, with a decrease in outstanding reserves of 74%

Program Statistical Analysis - CLOSED

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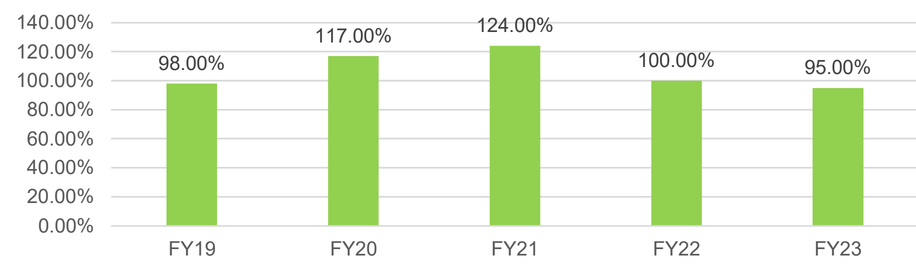
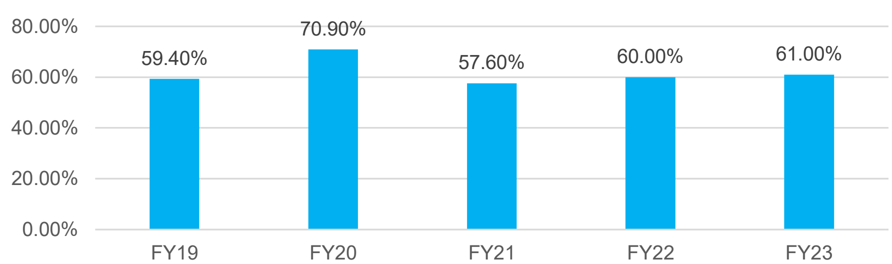
The CSU Program has a consistent history of indemnity closing ratios at 100% or better. In FY2023 we fell short of the goal due to the substantial increase in total new reports.

Closing Ratio - Indemnity



Closing Rate



The Closing Rate reflects claims received and closed in the same fiscal year. Modest gains were again made in this area.

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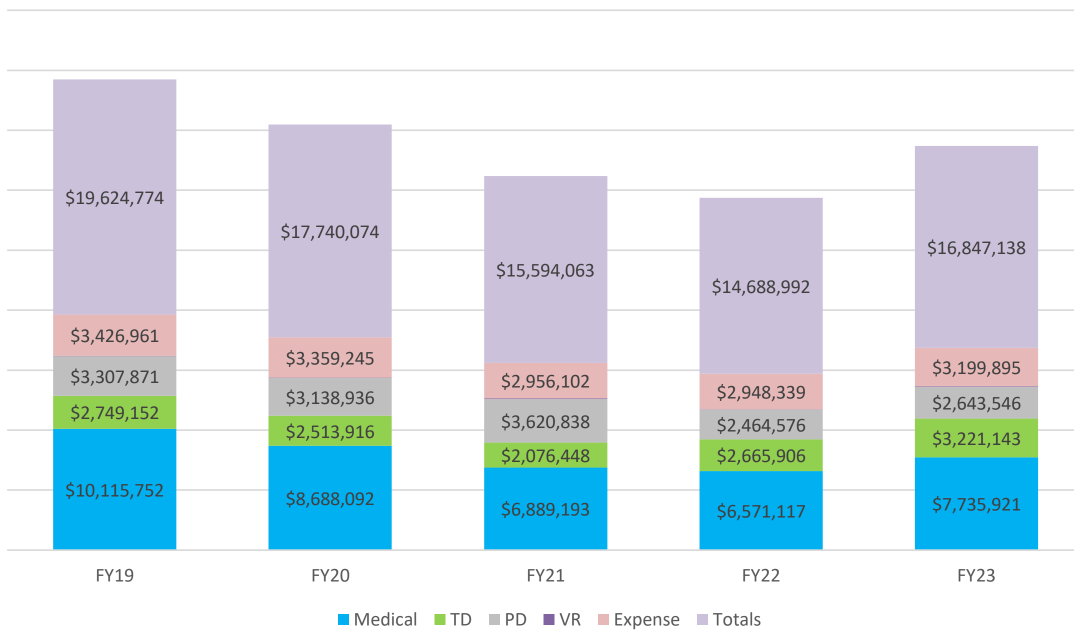
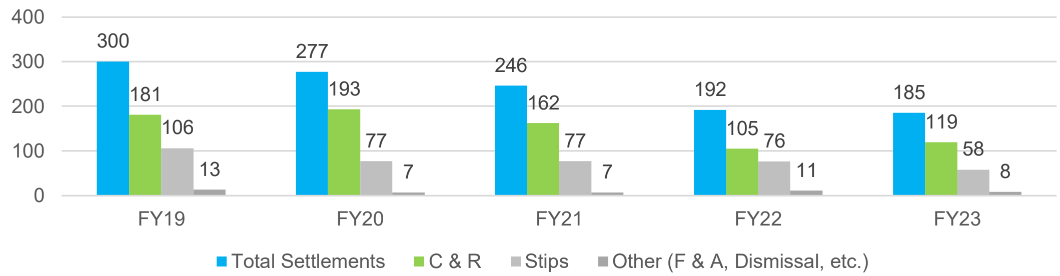
The return to full repopulation and increased new claim reporting are starting to show in the annual cash flow, with a 15% increase for FY2023 over FY2022

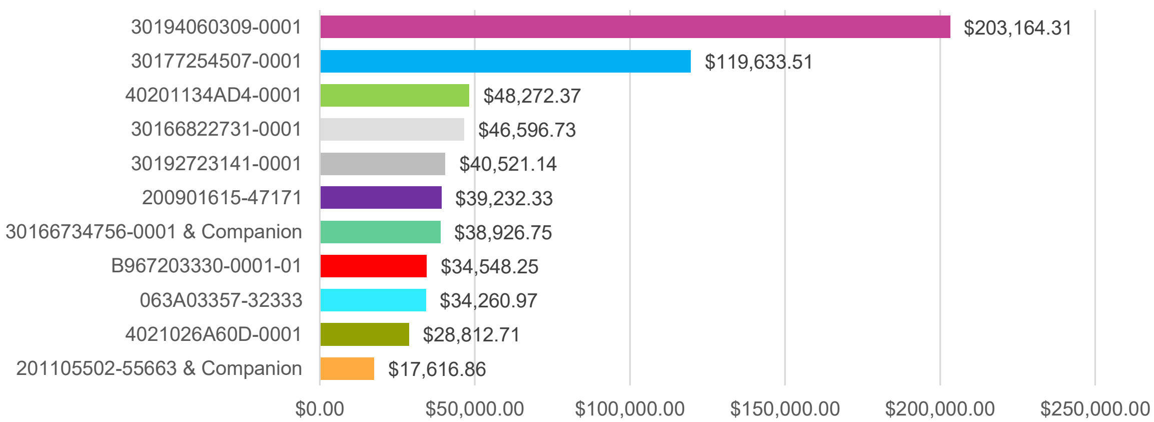
The VR spend is not represented on the chart as it is now a minimal expense, with an average of $40.4K/year for the last five years



Program Statistical Analysis - Settlements

C & Rs continue to account for the majority of all settlements. FY 2023 had 64% of all settlement compared to FY2022 at 55%





Double Play staffed settlements account for 7% of our total settlements for the FY. As of 6/30/2023 the program has yielded a total reserve salvage of just over $16.1 million, with $652K of that being realized in FY2023

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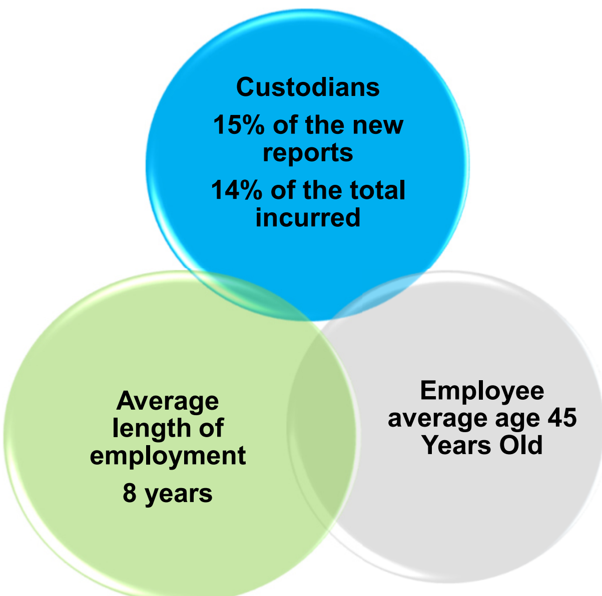
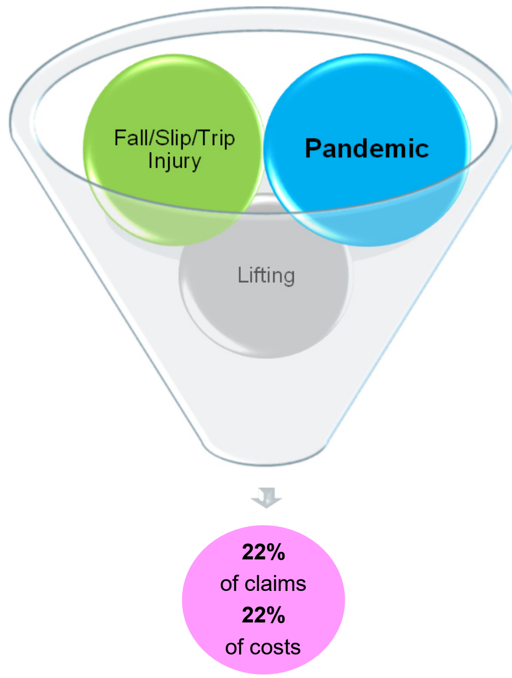
Loss Control Insights (FY2023)

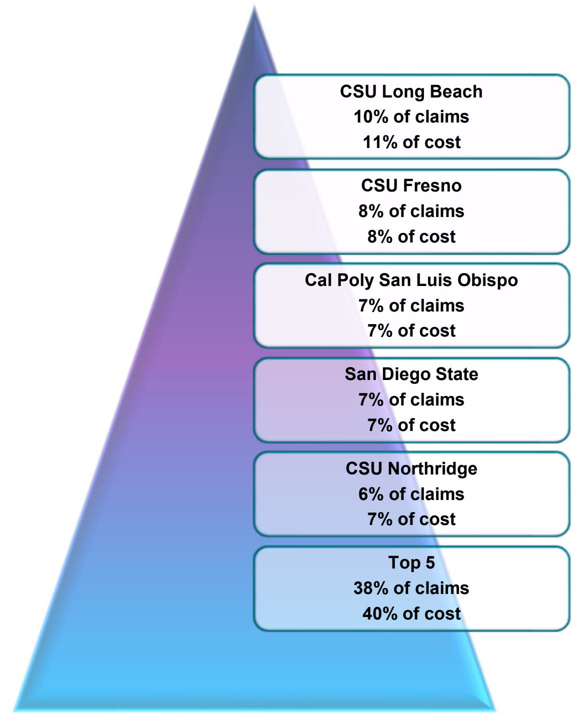
Who?



What?



Where?



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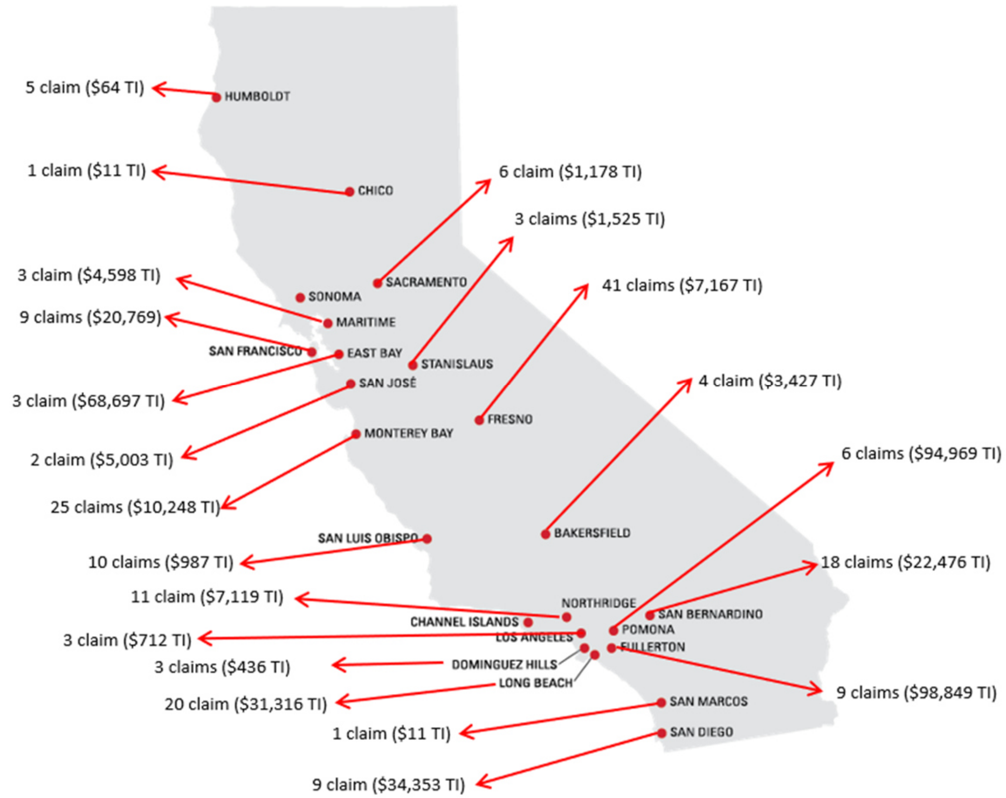
CSURMA COVID-19 Summary (3/1/2020 – 6/30/2023)

The system was substantially depopulated from March 2020 thru August 2021. The campuses are back to essentially regular operations as of Fall 2021

Total COVID-19-related reports through 6/30/2023 = 275 (237 claims and 38 Incident Only reports). This represents 6% of the total reports and 1% of the total incurred for the period

Work at Home (WAH) injuries account for 2% of the total reports and 3% of the total incurred for the period
WAH injuries are almost exclusively related to RSI/Ergo causes. This WAH population of claims has an 84% closing rate

The closing rate on COVID-19 claims thru 6/30/2023 is 95%



Systemwide Auxiliary Orgs WC Plan
42 Claims ($21,133 TI)

AOA Auxiliary Organizations Association

CSU 2023 Utilization Review Outcomes

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WC – Managed Care – Utilization Review

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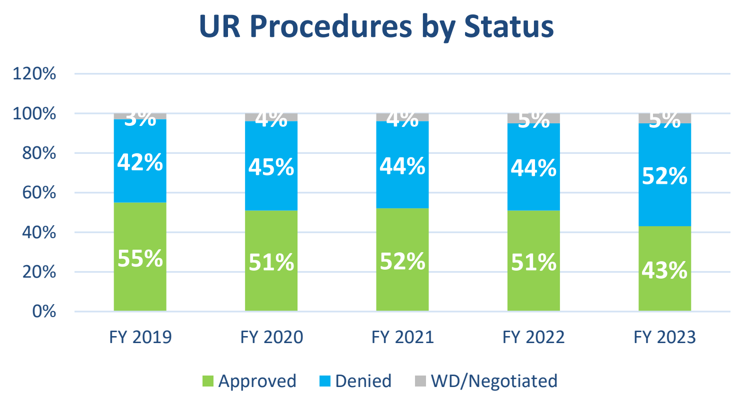
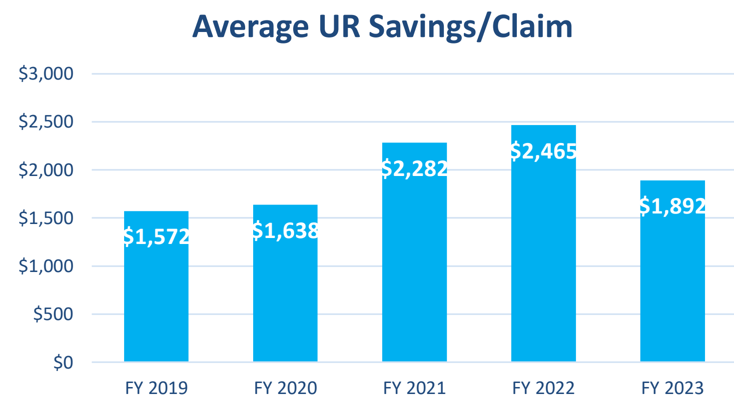
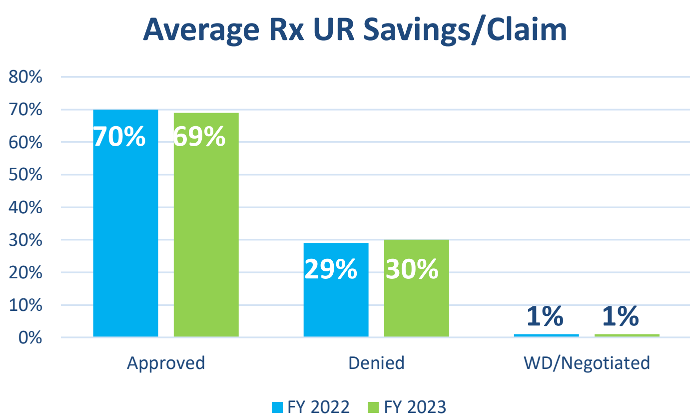
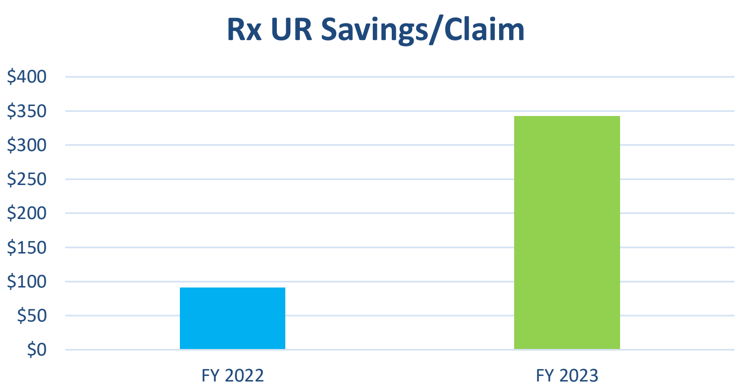




- 5-year analysis doesn't show much variation in acceptance/denial rates (51% average approval vs. 45% denial rate)
- CA book of business in FY 2023 for approvals is 55.2% vs. 40.6% in denials
- Average savings/review are down 23.2%, but a result of the predominance of Rx RFAs being moved ro Rx UR (implemented late 2022, savings are separated and not part of total UR savings)
- FY 2023 has seen a higher rate of denial stemming from increased PT, chiro and pain management RFAs

WC – Managed Care – Rx UR





- Pharmacy requests made up 25.9% of all URs FY 2023 (down 1.8%)
- Including Rx UR, average total UR savings/claim is $2,076
- Predominance of denials were for opioids, topicals (diclofenac gels), exotic NSAIDs (ketoprofen/phenoprofen), and non-industrial Rxs (e.g.~ anti-asthmatics)
- COVID-driven non-industrial requests are still commonplace and expected to rise in FY 2024 with current COVID surge

WC – Managed Care – Medical Service Breakdown

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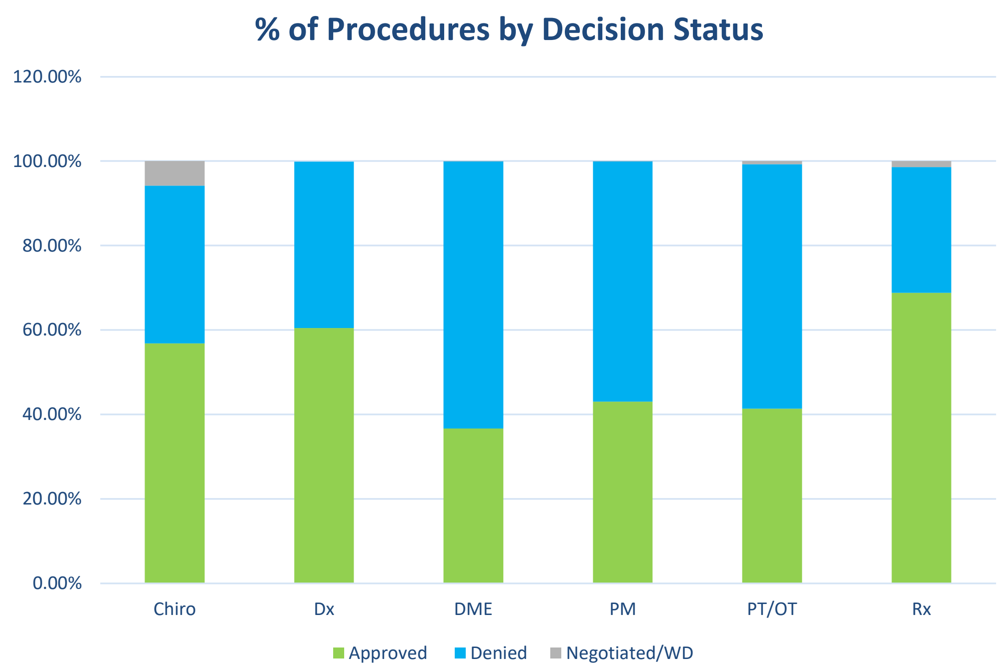
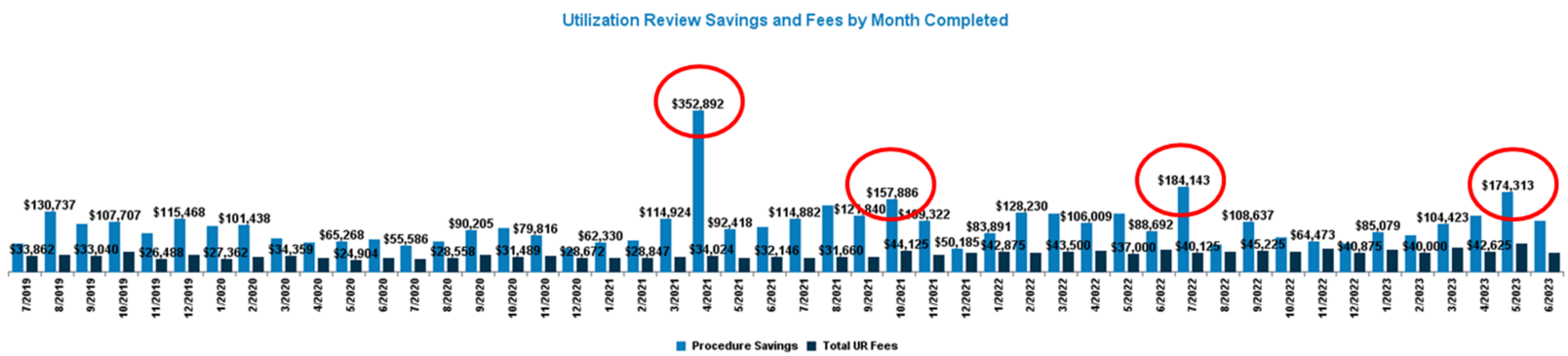


- These 6 categories represent the highest volume of reviewable medical services consistently for the last 5 years
- PT/OT, Dx and Chiro have grown significantly over the last 3 years
- Chiro exhibited the highest rate of growth (RFAs are up 15.7% from FY 2022)

WC – Managed Care – Utilization Review



- Very few years show significant outliers across the prior 5 years of UR data
- All high savings URs are brand medication or functional restoration programs denied and upheld in IMR

WC – Managed Care – Utilization Review

Key Statistics	
Total Savings	Total Fees
$4,875,056	$1,757,609
Savings/Claim	% Approved
$3,301	50.9%
# of Reviews	% Negotiated
8928	.6%
# of Procedures	% Withdrawn
26582	.0%
ROI	% Denied
$2.8	45.1%

Conclusion/Next Steps

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Challenges/Opportunities for FY2023

- The corps of Workers' Comp Coordinators (WCCs) is undergoing a shift – experienced WCCs are leaving.
- There does not appear to be a "bench" of trained replacements, leaving a vacuum.
- This is impacting basic operations such as timely claim reporting at affected locations. As the CSU determines their future course of replacing coordinators, we stand ready to assist the CSU with partnership and training, in order to help acclimate the new WCCs to the standards and protocols of the program. The WCC/Claims Examiner relationship has been a lynchpin for the consistent success of this program.
- Establishing an HR feed into JURIS/viaOne would streamline the process of claim reporting and employer-side data updates, such as wage increases, terminations, etc.
- Formalized Return to Work programs have been a consistent topic of conversation over the last FY. Sedgwick has scalable return-to-work offerings that can be customized at the campus level. We did a return-to-work capabilities presentation at the recent Fitting the Pieces Together. We'd be happy to discuss this further, should there be any interest.

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Looking Ahead

As we have experienced in FY 2023, there is definitely a return to normalcy taking place across the CSU campuses and certainly within the CSU WC Program. We expect FY 2024 to be a continuance of this trend with a cautionary eye toward the ongoing presence and surge of new COVID variants that potentially continue to disrupt CSU operations.

We know that as a result of our 20-year partnership with the CSU, we are well positioned to continue to grow and adapt to whatever challenges come to the CSU WC Program. Our extraordinary team stands ready to serve the CSU in support of your important mission in the years ahead.